

Duke, Daphne

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From: Boyd, Jocelyn
Sent: Wednesday, November 19, 2014 8:52 AM
To: Duke, Daphne
Subject: Fwd: Merger Procedure Motion and Joint Merger Application of Subsidiaries of Utilities, Inc (PSC Docket # 2014-399-WS)

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Sent from my iPad

Begin forwarded message:

From: Donald Long <ccmdon@aol.com>
Date: November 19, 2014 at 8:42:17 AM EST
To: <jocelyn.boyd@psc.sc.gov>
Cc: <dhipp@regstaff.sc.gov>, <wmorgan@regstaff.sc.gov>, <commissioner.hall@psc.sc.gov>, <commissioner.whitfield@psc.sc.gov>, <commissioner.howard@psc.sc.gov>, <commissioner.elam@psc.sc.gov>, <commissioner.randall@psc.sc.gov>, <commissioner.fleming@psc.sc.gov>, <commissioner.hamilton@psc.sc.gov>, <bruce.henderson@yorkcountygov.com>, <chrisjack@comporium.net>
Subject: Merger Procedure Motion and Joint Merger Application of Subsidiaries of Utilities, Inc (PSC Docket # 2014-399-WS)

Ms. Jocelyn Boyd and the Commissioners of the Public Service Commission of South Carolina (PSC):

This letter is 1.) to object to and to request the rejection by the PSC of the Motion by the Joint Applicants regarding PSC Docket # 2014-399-WS to have the application subjected to accelerated review without a public hearing; 2.) to request that a public hearing be held regarding the Joint Application; and 3.) to request that a public night hearing be held on the Joint Application in Lake Wylie, SC at a site to be named.

This matter is of great importance and significance to the citizens and taxpayers who are served by the companies involved. This letter is with particular reference to the significance of this matter to the citizens and taxpayers of York County, SC and, more specifically, of the Lake Wylie area of York County which is served by Carolina Water Service, Inc.

According to the terms of the merger application if approved, Carolina Water Service, Inc. (CWS) will be the surviving entity resulting from implementation of the Joint Application for Stock Transfer and Merger. The other three (3) entities will, in essence, cease to exist as viable public utilities, with those characteristics transferred to CWS as a result of the merger.

The makers of the Motion, on pages one (1) and two (2) of the Motion aver numbered statements in support of their motion, all and each of which contain seeming errors and/or omissions. Specifically:
- 1.) The "detailed information" claimed to be provided does not even include meaningful current financial statements for the companies to be merged to make it possible to evaluate the effects on the overall financial status of the merged entity. This would seem to be a "consequence of the transaction". No information is provided regarding "Phase II" of the Utilities, Inc. "Consolidation Plan" which clearly lays out a plan for rate combination which will probably bring about rate increases and/or decrease in various parts of the merged entity. Customers will certainly view this as a "consequence of the transaction". Utilities, Inc. implies in their "Consolidation Plan" that this rate adjustment and combination is a likely consequence thereof of the merger.

- 2.) While there may be "greater administrative efficiency and judicial economy" resulting from the proposed merger, there is no attempt to detail those efficiencies and economies for public evaluation as to likelihood and/or significance.
- 3.) The Motion says that "Approval of the Application will have no effect on customer's rates or service". This is, at best, a devious statement, while also, very likely, being completely invalid. For even the slightest validity, this statement depends on the fact that rate changes are not a specific item included in the Joint Application. However, the Joint Application refers to and incorporates as "Exhibit F" a Utilities, Inc. document titled "SC Business Operating Units Consolidation Plan". This document clearly lays out a plan including a "Phase I" which is the merger of the four (4) subsidiaries into a single entity to be known as "Carolina Water Service" and a "Phase II" which is the inevitable and planned application for consolidation and combination of the water and sewer rates of the four (4) subsidiaries into a single rate structure for CWS, the single surviving subsidiary. Unless some heretofore unknown procedure is found, the combination of three smaller, higher rate, less efficient units into a larger, lower rate, more efficient unit will inevitably and provably result in rate increases for the customers of the larger unit while probably producing rate decreases for the customers of the smaller units. These smaller units were built or acquired by Utilities, Inc. in spite of their likely inefficiency, and for whatever reasons related to markets, prior existence, etc. The fact is their inclusion in the merger will cause potentially major effects on current customers rates when and if the merger is ultimately and fully implemented. An analysis of the current rates, services, and customer sets of the four (4) subsidiary companies shows that the effect may be as much or even more than about a 13.5% increase in the water and sewer rates of current customers of Carolina Water Service, Inc. (CWS). This, needless to say, is not "no effect".
- 4.) The Motion says that its acceptance will "not prejudice the rights of the parties or negatively affect the public". By, in essence, blowing this matter past the public without proper and due process, simply ignores the public regarding a matter of significant importance, particularly regarding their monthly costs of living. This is neither reasonable or fair. The public deserves to be heard.
- 5.) The Motion says that "There are no contested issues in this docket." That statement is clearly invalid.

On basis of the above potential concerns, and on the basis of the likely disadvantageous results of the proposed merger on the public utility costs of the citizens and taxpayers of Lake Wylie, SC who are served by Carolina Water Service, Inc., I submit this request for a public night hearing to be held regarding the matter referred to as PSC Docket # 2014-399-WS. If, under any circumstances, a night hearing in Lake Wylie is not possible, please consider this a request for a public hearing at the PSC Hearing Room.

I am a resident, citizen, taxpayer, and customer of Carolina Water Service, Inc., a subsidiary of Utilities, Inc. I am submitting this request on behalf of myself; my family; the Lake Wylie Chamber of Commerce, of which I am Vice Chairman and a Member of the Board; The Lake Wylie Civic Association, of which I am Vice Chairman and a Member of the Board; and the River Hills Community Association, of which I am Vice President and a Member of the Board. The Chamber has approximately 400 local Lake Wylie businesses as members. The Civic Association membership consists of Home Owner's Associations of major residential developments which have approximately 6,000 residents. The membership of the River Hills Community Association are the owners of 1,058 residential properties, and includes approximately 2,400 residents.

Thank you for your attention and consideration.

Don Long
14 Sunrise Point Court
Lake Wylie, SC 29710
803-831-2455